



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

[Islamabad]

Before Tahir Mahmood, Executive Director Enforcement

In the matter of

M/s. Mustehkam Cement Limited

(Order Under Sub-section (3) of Section 245 read with Section 476 of the Companies Ordinance, 1984)

Number and dates of notice: EMD/233/383/2002-1410 dated: January 22, 2009

Date of hearing April 6, 2009

Present Mr. M J Pami

Date of Order April 23, 2009

This Order shall dispose of the proceedings initiated against the directors of M/s. Mustehkam Cement Limited (the "Company") for default made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the "Ordinance").

2. The relevant facts for the disposal of this case, briefly stated, are that the Company under section 245 of the Ordinance read with Circular No. 9 of 2003 was required to prepare and transmit to the members and simultaneously file with the Registrar and the Commission its quarterly accounts for the period ended September 30, 2008 (1st quarter) by October 31, 2008. Failure of the Company to comply with the aforesaid mandatory requirements within the prescribed time necessitated action against the responsible directors of the Company in terms of Sub-section (3) of Section 245 of the Ordinance.

3. An explanation vide letter dated January 6, 2009 was called from the Company, however no reply was received. Consequently, show cause notices dated January 22, 2009 was served on all the directors including chief executive of the Company calling upon them to show cause as to why penalties provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention. No written submission was made in reply of the show cause notice.

4. In order to provide an opportunity of personal representation, a hearing in the matter was fixed for April 7, 2009, which was adjourned to April 6, 2009. Mr. M J Pami appeared on behalf of the directors and admitted the default.

5. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the mandatory provisions of law. The protection of the investors/shareholders is one of the primary objectives of the Ordinance. It is shareholders who provide seed for the capital formation of the Company. If interest of the investors is protected, they will save and invest more. In return they must be provided timely, adequate and meaningful information. It is the annual and interim accounts, which provide information to the investors about the affairs of the company. It has unfortunately been noted that the directors of the Company have failed to observe the mandatory requirements of law and have not circulated the quarterly accounts to the shareholders within the prescribed time.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement Department

Continuation Sheet 2

6. The past record of the Company in this regard is also not satisfactory. The responsibility for preparation/circulation of quarterly accounts rests with the directors of the Company and they have to take appropriate action at appropriate time. The repetition of defaults clearly shows that the Company is not making any serious efforts to comply with the provisions of the law. For the foregoing reasons, the default under Sub-section (1) of Section 245 of the Ordinance regarding non-filing of quarterly accounts for the period ended September 30, 2008 (1st quarter) stands established.

7. In the light of the above said, taking a lenient view, instead of imposing the maximum fine of Rs. 100,000 on every director, Chief Accountant and a further fine of Rs. 1,000 per day till January 30, 2009 (91 days), I impose the following penalties on the Chief Executive and executive directors only of the Company under Sub-section (3) of Section 245 of the Ordinance:

S #	Names of directors	Penalty in Rs.
1	Mr. Zameer Mohammad Choudery, CEO	10,000/-
2	Mr. Muhammad Irfan A. Sheikh, Director	10,000/-
3	Mr. Mazhar Rafi, Director	10,000/-
4	Mr. Arshad Hameed, Director	10,000/-
5	Mr. Ghulam Sarwar Malik, Director	10,000/-
	Total	50,000/-

Non executive directors are warned to ensure strict compliance of the law in future.

8. The aforesaid fines aggregating to Rs. 50,000 (Rupees fifty thousands only) need to be deposited in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty days from the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of Commission for information and record, failing which proceedings for arrears of land revenue will be initiated which may result in the attachment and sale of movable and immovable property. It may also be noted that the said penalties are imposed on the Chief Executive and other directors in their personal capacity that are required to pay the said amount from their personal resources.


Tahir Mahmood
Executive Director (Enforcement)

Announced:
April 23, 2009
ISLAMABAD